



Chino Mines Company
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October 30, 2009

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Ms. Marcy Leavitt, Director
New Mexico Environment Department
Waste and Water Management Division
P.O. Box 5469
Santa Fe, New Mexico 87502

Dear Ms. Leavitt:

Re: Chino AOC Quarterly Report, Third Quarter 2009



This Administrative Order on Consent (AOC) Quarterly Report documents activities performed during the reporting period from July 1 through September 30, 2009. The report is submitted and organized as outlined in Article IX, Section E of the AOC between the New Mexico Environment Department (NMED) and Freeport-McMoRan Chino Mines Company (Chino). Chino also submits a copy of this report to the New Mexico Energy, Mineral and Natural Resources Department, Mining and Minerals Division (MMD), per its request.

AOC Activities

During the third quarter of 2009, the following major activities occurred:

- NMED issued the final Record of Decision for the Hurley Investigation Unit on September 23rd.
- Began the post-reclamation monitoring for the Groundhog Mine Site for the HWCIU.
- Began the post-reclamation monitoring for the Hurley Golf Course Site for the STSIU.
- The AOC Technical Group met by teleconference on August 6th and September 3rd to discuss additional data needs for the STSIU.
- The Technical Group met by teleconference on August 19th and by meeting on September 15th to review the AOC monthly progress.

Hurley Soils Investigation Unit

Following the public comment period on the Hurley Soils Investigation Unit Record of Decision (ROD) in October 2008, NMED signed the finalized document on September 23, 2009.

A revised Hurley Health Advisory was mailed on February 6, 2009 to 11 residents of Hurley who did not participate in the yard remediation interim action. Neighbors adjacent to these sites also received an advisory dated May 8, 2009. An earlier version of the advisory was mailed to all residents and land owners in Hurley before the start of the interim remedial action. This mailing will be performed annually per the ROD.

Hanover/Whitewater Creeks Investigation Unit

NMED indicated that it plans to finalize the Ecological Risk Assessment report by first quarter of 2010.

Chino submitted a final completion report for the Interim Remedial Action (IRA) at the Groundhog Mine Site to NMED on June 11, 2009. NMED issued Chino an approval for this report in a letter dated June 15, 2009. Chino performed the first post-reclamation water quality, erosion, and vegetation monitoring of the Groundhog Mine Site during the third quarter of 2009. This survey will be included in the first annual Groundhog Mine Site monitoring report due October 30, 2009.

MMD approved an extension request by Chino under Permit GR009RE filed in January 2009 for the Lucky Bill Groundhog No. 5 site, by modifying the permit in April 2009. The extension is needed to time the closure process with AOC requirements as detailed in the bullet below. NMED approved the characterization addendum for the Lucky Bill Groundhog No. 5 Stockpile site in a letter dated May 8, 2009. In response to NMED's request in that letter, Chino will attempt to collect a storm water runoff sample from the No. 5 Stockpile site for additional characterization. Chino was not able to collect a storm water sample from the No. 5 Stockpile during the monsoon season due to unusual low precipitation this year.

The following activities in the HWCUI are pending:

- Capping of the Groundhog No. 5 Stockpile with a vegetative cover is dependent upon NMED approval of Chino's proposed plan to meet AOC requirements at this site and approval by the MMD of a modification of Permit GR009RE. Approval from MMD of the Construction Quality Plan submitted in the spring of 2006 is also required for the proposed capping to proceed. Chino estimates that this work will start in 2011 as per MMD's permit extension modification.
- Finalizing the ecological risk assessment report for the HWCUI by the NMED.

Smelter/Tailings Soil Investigation Unit

Chino submitted the final completion report on the Golf Course IRA to NMED on April 21, 2009 and began the post-remediation quarterly erosion and vegetation monitoring in September 2009.

Chino and NMED representatives inspected an historical tailing impoundment termed as the "Big Berm" in the Apache Teijo drainage located on private property on September 3, 2009. In a letter dated September 22, 2009, NMED extended the Smelter Tailing Soils Investigation Unit (STSIU) boundary to incorporate the Big Berm site into the Smelter/Tailing Soil Investigation Unit. Additionally, NMED requested that Chino submit an IRA work plan for this site as well as a ground survey of the entire Apache Teijo drainage system to NMED for review.

Following approval of Chino's Technical Memorandum titled "Surface Water Sampling and Analysis of Rainfall Pools, STSIU" (TM) in the fall of 2008, NMED developed draft pre-feasibility study remedial action criteria (pre-FS RAC) for this IU in April 2009. After review of the draft pre-FS RAC, Chino formally requested to meet with NMED concerning STSIU data needs in a letter dated June 3, 2009. The AOC Technical Group met on June 24, 2009 in Santa Fe to discuss additional data needs that would help further develop and finalize the pre-FS RAC for this IU. The Technical Group followed up with conference calls on August 6th and September 3rd to discuss additional data needs for the STSIU. The group plans to meet again to review technical risk assessment information to assist determination of additional data needs.

The annual inspection and sampling event for the pilot amendment study, initiated in 2008, was performed on October 6 and 7. Additionally, as follow up to Chino's White Rain Technical Memorandum final report submitted to NMED in February 2009, documenting changes in the acidity of the plot soils caused by a natural event that occurred January 7, 2008, Chino is also developing a work plan to monitor the effects to pH over a long term basis.

Lampbright Investigation Unit

NMED requested that Chino submit NMED a draft remedial investigation (RI) proposal for the Lampbright Investigation Unit in letters, the latest one dated August 17, 2009. Based on Chino's concerns about redundancies with existing discharge permits requirements, and the scope of any remedial investigation activities, Chino requested to meet with NMED to discuss these redundant requirements, pursuant to *Article XII.J. Potential Inconsistency with Other Requirements* of the AOC. Chino's purpose for this meeting is to develop an integrated technical approach to the Lampbright IU that is not duplicative or inconsistent with DP-376, DP-459, DP-591 and DP-1340. NMED granted Chino an extension for preparing a draft RI proposal for the Lampbright IU and agreed to meet with Chino representatives in early November 2009.

Community Relations

The AOC Community Work Group (CWG) met only on September 15. The CWG elected in May not to meet in June, July, or August. Representatives from NMED and Chino participated in the September CWG meeting.

Next Quarter's Scheduled Activities

The following work is projected for the fourth quarter of 2009:

- Perform the post-reclamation and remedial quarterly monitoring of the Groundhog Mine Site under the HWCUI.
- Perform the post-reclamation and remedial quarterly monitoring of the Hurley Golf Course Site under the STSIU.
- Submit the first Groundhog Mine Site IRA Annual Report.
- Collect a stormwater runoff sample from the Lucky Bill Canyon Groundhog No. 5 Stockpile site for additional characterization.
- The Technical Group will determine remaining data needs for the STSIU and begin supplemental data collection.
- NMED will respond to Chino comments on and finalize the ecological risk assessment report for the HWCUI.
- Submit the Historical Small Stockpile IRA Completion Report.
- Respond to NMED letter on HWCUI draft Ecological Risk Assessment.
- Continue the Pilot Amendment Study for the STSIU.

Personnel Changes

Ms. Kate Lynnes was replaced as AOC Manager by Mr. Ned Hall. Ms. Lynnes had left Chino for employment elsewhere in September. Mr. Hall assumed the role of manager on October 7, 2009. Chino notified the NMED of the AOC Manager change in a letter dated October 16, 2009.

Problems and Solutions

There were no problems that adversely affected the AOC this quarter.

Please contact Ned Hall at (520) 229-6470 with any questions or comments concerning this report.

Sincerely,



Timothy E. Eastep, Manager
Environment, Land & Water

ELH:pp
20091028-007

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Mary Ann Menetrey, NMED
William Olson, NMED
Jerry Schoeppner, NMED
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